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CHURCH OF SCIENTOLOGY INTERNATIONAL

RECEIVED  
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HUB LAW OFFICES

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 FOR THE COUNTY OF MARIN  
12

13 CHURCH OF SCIENTOLOGY ) CASE NO. 157 680  
INTERNATIONAL, a California not- )  
14 for-profit religious corporation; ) EVIDENCE IN SUPPORT OF  
Plaintiffs, ) CHURCH OF SCIENTOLOGY  
15 ) INTERNATIONAL'S SETTLEMENT  
vs. ) CONFERENCE STATEMENT  
16 )  
17 GERALD ARMSTRONG; MICHAEL WALTON; )  
et al., )  
18 Defendants. ) DATE: September 19, 1994  
TIME: 9:00 a.m.  
19 ) DEPT: 1  
GERALD ARMSTRONG, )  
20 )  
Cross-Complainant, ) TRIAL DATE: September 29,  
21 ) 1994  
vs. )  
22 )  
23 CHURCH OF SCIENTOLOGY )  
INTERNATIONAL, a California )  
24 Corporation; DAVID MISCAVIGE; )  
DOES 1 to 100; )  
Cross-Defendant. )  
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**INDEX TO EXHIBITS**

**EXHIBIT 1:** Declaration of Laurie J. Bartilson Authenticating Documents and Deposition Transcript Excerpts from the case of Church of Scientology International v. Gerald Armstrong, et al., Los Angeles County Superior Court, Case No. BC 052395 ("the Breach case") and Deposition Transcript Excerpts in this action.

**EXHIBIT 1(A):** Stipulation and Order Changing Venue, filed September 1, 1994 in the Breach case.

**EXHIBIT 1(B):** Verified Second Amended Complaint For Damages And For Preliminary And Permanent Injunctive Relief For Breach Of Contract, filed April 5, 1994 in the Breach case.

**EXHIBIT 1(C):** Minute Order by Honorable Ronald M. Sohigian, dated May 28, 1992 in the Breach case.

**EXHIBIT 1(D):** Opinion filed May 16, 1994, in the case of Church of Scientology International v. Gerald Armstrong, Court of Appeal, Second Appellate District, Case No. B069450.

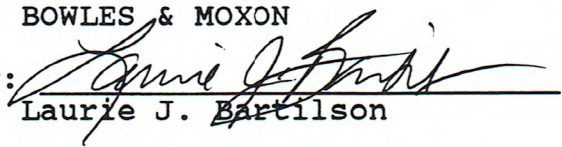
**EXHIBIT 1(E):** Excerpts from volumes 1-5 of the deposition of Gerald Armstrong taken in the Breach case.

**EXHIBIT 1(F):** Excerpt from the deposition of Gerald Armstrong taken in this action.

DATED: September 2, 1994

Respectfully submitted,

BOWLES & MOXON

By:   
Laurie J. Bartilson

Andrew H. Wilson  
WILSON, RYAN & CAMPILONGO

Attorneys for Cross-Defendant  
CHURCH OF SCIENTOLOGY  
INTERNATIONAL

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CHURCH OF SCIENTOLOGY INTERNATIONAL

10  
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 FOR THE COUNTY OF MARIN

13 CHURCH OF SCIENTOLOGY ) CASE NO. 157 680  
INTERNATIONAL, a California not- )  
14 for-profit religious corporation; ) DECLARATION OF LAURIE J.  
Plaintiffs, ) BARTILSON  
15 ) [C.C.P. 437c]  
16 vs. )  
17 GERALD ARMSTRONG; MICHAEL WALTON; )  
et al., ) DATE: September 19, 1994  
18 Defendants. ) TIME: 9:00 a.m.  
DEPT: 1  
19 \_\_\_\_\_ )  
GERALD ARMSTRONG, )  
20 Cross-Complainant, ) TRIAL DATE: September 29,  
21 1994  
22 vs. )  
23 CHURCH OF SCIENTOLOGY )  
INTERNATIONAL, a California )  
24 Corporation; DAVID MISCAVIGE; )  
DOES 1 to 100; )  
25 Cross-Defendant. )  
\_\_\_\_\_ )

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1 I Laurie J. Bartilson, herby declare:

2 1. My Name is Laurie J. Bartilson. I am a member of the  
3 law firm of Bowles & Moxon, and attorney of record for the  
4 plaintiff and cross-defendant in this action. I am also the  
5 attorney of record for plaintiff and cross-defendant, Church of  
6 Scientology International, in the case of Church of Scientology  
7 International v. Gerald Armstrong, et al., Los Angeles County  
8 Superior Court, Case No. BC 052395 ("the Breach case"). I have  
9 personal knowledge of the facts set forth in this declaration and  
10 could competently testify thereto if called as a witness.

11 2. Attached hereto and incorporated herein are true and  
12 correct copies of the following documents submitted as exhibits  
13 in support of Church of Scientology International's Settlement  
14 Conference Statement.

15 **EXHIBIT 1(A):** Stipulation and Order Changing Venue, filed  
16 September 1, 1994 in the Breach case.

17 **EXHIBIT 1(B):** Verified Second Amended Complaint For Damages  
18 And For Preliminary And Permanent Injunctive Relief For  
19 Breach Of Contract, filed April 5, 1994 in the Breach case.

20 **EXHIBIT 1(C):** Minute Order by Honorable Ronald M. Sohigian,  
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22 **EXHIBIT 1(D):** Opinion filed May 16, 1994, in the case of  
23 Church of Scientology International v. Gerald Armstrong,  
24 Court of Appeal, Second Appellate District, Case No.  
25 B069450.

26 **EXHIBIT 1(E):** Excerpts from volumes 1-5 of the deposition  
27 of Gerald Armstrong taken in the Breach case.

28 **EXHIBIT 1(F):** Excerpt from the deposition of Gerald

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Armstrong taken in this action.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 2nd day of September, 1994, at Los Angeles, California.

  
Laurie J. Bartilson



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Attorneys for Plaintiff and  
Cross-Defendant CHURCH OF SCIENTOLOGY  
INTERNATIONAL

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY  
INTERNATIONAL, a California not-  
for-profit religious corporation,

Plaintiffs,

vs.

GERALD ARMSTRONG; THE GERALD  
ARMSTRONG CORPORATION, a  
California corporation; Does 1 -  
25 INCLUSIVE,

Defendants.

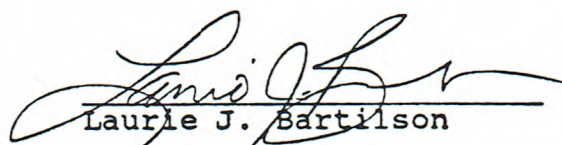
AND RELATED CROSS-COMPLAINT.

80  
**ORIGINAL FILED**  
SEP - 1 1994  
**LOS ANGELES  
SUPERIOR COURT**

)  
) CASE NO. BC 052395  
)  
) STIPULATION AND ORDER  
) CHANGING VENUE  
)  
) [C.C.P. §397(c)]  
)  
) Hearing:  
) DATE:  
) TIME: 8:30 A.M.  
) DEPT: 30  
)  
) TRIAL DATE: Nov. 7, 1994  
) DISC. CUTOFF: Oct. 7, 1994  
) MTN CUTOFF: Oct. 21, 1994  
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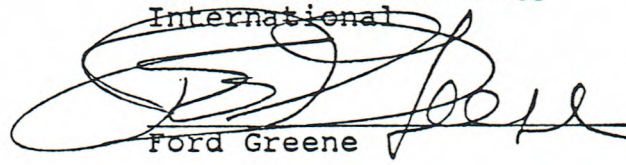
1 The parties agree that (1) the place of trial of this action  
2 be changed to the Superior Court of Marin County for the purpose  
3 of consolidation with the pending case of Church of Scientology  
4 International v. Gerald Armstrong, et al., Marin County Superior  
5 Court Case No. 157680; (2) payment of costs and fees of the  
6 transfer be made by plaintiff Church of Scientology  
7 International; (3) all orders previously entered in this action  
8 shall remain in full force and effect before, during and after  
9 the transfer and the Superior Court of Marin County shall be the  
10 proper Court for enforcement of those orders; and (4) discovery  
11 in the case shall continue while the transfer is pending.

12  
13 Dated: August 18, 1994

  
Laurie J. Bartilson

Attorney for Plaintiff  
Church of Scientology  
International

14  
15  
16  
17 Dated: August 18, 1994

  
Ford Greene

Attorney for Defendants  
Gerald Armstrong and the  
Gerald Armstrong  
Corporation

22 ORDER

23 The parties having agreed, and good cause appearing,  
24 IT IS ORDERED THAT:

- 25 1. Church of Scientology International v. Gerald  
26 Armstrong, et al., Case No. BC 052395, be transferred to the  
27 Superior Court of Marin County on payment by plaintiff, Church of  
28 Scientology International, of all fees required by law.



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2. The court clerk transmit a certified copy of this order and all the pleadings and papers filed in this action to the clerk of the Superior Court of Marin County forthwith.

3. All orders previously entered in this action shall remain in full force and effect before, during and after the transfer and the Superior Court of Marin County shall be the proper Court for enforcement of those orders; and

4. Discovery in the case shall continue while the transfer is pending.

SEP - 1 1994

David A. Horowitz

Date: \_\_\_\_\_

\_\_\_\_\_  
Superior Court Judge

H:\ARMSTRON\TRANSFER.STP



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12 (213) 953-3360

13 Attorneys for Plaintiff  
14 CHURCH OF SCIENTOLOGY INTERNATIONAL  
15

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APR 05 1994

LOS ANGELES  
SUPERIOR COURT

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA

17 FOR THE COUNTY OF LOS ANGELES

18 CHURCH OF SCIENTOLOGY ) CASE NO. BC 052395  
19 INTERNATIONAL, a California )  
20 not-for-profit religious ) VERIFIED SECOND AMENDED COMPLAINT  
21 corporation; ) FOR DAMAGES AND FOR PRELIMINARY  
22 ) AND PERMANENT INJUNCTIVE RELIEF  
23 Plaintiff, ) FOR BREACH OF CONTRACT  
24 )  
25 vs. )  
26 )  
27 )  
28 GERALD ARMSTRONG; THE GERALD )  
ARMSTRONG CORPORATION, a )  
California corporation; DOES )  
1-25 INCLUSIVE )  
Defendants. )

29 Plaintiff, by its attorneys, Wilson, Ryan & Campilongo and  
30 Bowles & Moxon, for its Complaint, alleges:

31 NATURE OF THE ACTION

32 1. In violation of the express terms and spirit of a  
33 settlement agreement ("the Agreement") entered into in December,  
34 1986, defendant Gerald Armstrong ("Armstrong") has embarked on a  
35 deliberate campaign designed to aid plaintiff's litigation  
36 adversaries, breach the confidentiality provisions of the

1 Agreement, and foment litigation, hatred and ill-will toward  
2 plaintiff.

3       2. More than seven years ago, plaintiff Church of  
4 Scientology International ("CSI") entered into the Agreement with  
5 Armstrong, on its own behalf and for the benefit of numerous  
6 third-party beneficiaries. The Agreement provided for a mutual  
7 release and waiver of all claims arising out of a cross-complaint  
8 which defendant Armstrong had filed in the case of Church of  
9 Scientology of California v. Gerald Armstrong, Los Angeles  
10 Superior Court No. C 420153. Armstrong, a former Church member  
11 who sought, by both litigation and covert means, to disrupt the  
12 activities of his former faith, displayed through the years an  
13 intense and abiding hatred for the Church, and an eagerness to  
14 annoy and harass his former co-religionists by spreading enmity  
15 and hatred among members and former members. Plaintiff sought  
16 with the Agreement to end all of Armstrong's covert activities  
17 against it, along with the litigation itself. For that reason,  
18 the Agreement contained carefully negotiated and agreed-upon  
19 confidentiality provisions and provisions prohibiting Armstrong  
20 from fomenting litigation against plaintiff by third parties.  
21 These provisions were bargained for by plaintiff to put an end to  
22 the enmity and strife generated by Mr. Armstrong once and for  
23 all.

24       3. This action arises out of deliberate and repeated  
25 breaches by Armstrong of these and other express provisions of  
26 the Agreement. Although plaintiff fully performed all of its  
27 obligations under the Agreement, Armstrong never intended to keep  
28 his part of the bargain and maintains that he considered the

1 referenced provisions to be unenforceable ab initio. As soon as  
2 he finished spending the money he extracted from plaintiff as the  
3 price of his signature, Armstrong began a systematic campaign to  
4 foment litigation against plaintiff by providing confidential  
5 information, copies of the Agreement, declarations, and  
6 "paralegal" assistance to litigants actively engaged in  
7 litigation against his former adversaries. Although plaintiff  
8 has repeatedly demanded that Armstrong end his constant and  
9 repeated breach of the provisions of the Agreement, Armstrong  
10 appears to delight in renewing his annoying and harassing  
11 activities, admitting to them in sworn declarations, and refusing  
12 to end his improper liaisons.

13 4. With this Complaint, plaintiff seeks the Court's aid in  
14 obtaining the peace for which it bargained more than seven years  
15 ago. Plaintiff requests liquidated damages pursuant to the terms  
16 of the Agreement from Armstrong and his sham corporate alter ego,  
17 the Gerald Armstrong Corporation ("GAC"), as well as injunctive  
18 relief to prevent additional and future breaches of the Agreement  
19 by Armstrong.

#### 20 THE PARTIES

21 5. Plaintiff Church of Scientology International is a non-  
22 profit religious corporation incorporated under the laws of the  
23 State of California, having its principal offices in Los Angeles,  
24 California. Plaintiff CSI is the Mother Church of the  
25 Scientology religion.

26 6. Defendant Gerald Armstrong is a resident of Marin  
27 County, California.

28 7. Defendant Gerald Armstrong Corporation is a corporation

1 incorporated under the laws of the State of California, having  
2 its principal offices in San Anselmo, California.

3 8. Defendant Armstrong is the principal shareholder in GAC  
4 and its sole employee, and has been since the incorporation of  
5 GAC in 1987.

6 9. Defendant GAC is, and at all times since its  
7 incorporation was, the alter ego of defendant Armstrong and there  
8 exists, and at all times since GAC's incorporation has existed, a  
9 unity of interest and ownership between these two defendants such  
10 that any separateness between them has ceased to exist, in that  
11 defendant Armstrong caused his own personal assets to be  
12 transferred to GAC without adequate consideration, in order to  
13 evade payment of his lawful obligations, and defendant Armstrong  
14 has completely controlled, dominated, managed and operated GAC  
15 since its incorporation for his own personal benefit.

16 10. Defendant GAC is, and at all times herein mentioned  
17 was, a mere shell, instrumentality and conduit through which  
18 defendant Armstrong carried on his activities in the corporate  
19 name exactly as he conducted it previous to GAC's incorporation,  
20 exercising such complete control and dominance of such activities  
21 to such an extent that any individuality or separateness of  
22 defendant GAC and defendant Armstrong does not, and at all  
23 relevant times mentioned herein, did not exist.

24 11. Adherence to the fiction of the separate existence of  
25 defendant GAC as an entity distinct from defendant Armstrong  
26 would permit an abuse of the corporate privilege and would  
27 sanction fraud, in that Armstrong transferred his material assets  
28 to GAC in 1988, prior to embarking on the campaign of harassment

1 described herein, and with the intention of preventing plaintiff  
2 from obtaining monetary relief from Armstrong pursuant to the  
3 liquidated damages clause. GAC exists solely so that Armstrong  
4 may be "judgment proof."

5 THE CONTRACT

6 12. On or about December 6, 1986, CSI and Armstrong entered  
7 into a written confidential settlement Agreement, a true and  
8 correct copy of which is attached hereto as Exhibit A, and  
9 incorporated herein by reference.

10 13. The Agreement was entered into by plaintiff and  
11 defendant Armstrong, with the participation of their respective  
12 counsel after full negotiation. Each provision of the Agreement  
13 was carefully framed by the parties and their counsel to  
14 accurately reflect the agreement of the parties.

15 14. Plaintiff specifically negotiated for and obtained from  
16 Armstrong the provisions in the Agreement delineated in  
17 paragraphs 7(D), 7(H), 7(G), 10 and paragraphs 12 through 18,  
18 because it was well aware, through investigation, that Armstrong  
19 had undertaken a series of covert activities, apart from the  
20 litigation, which were intended by Armstrong to discredit Church  
21 leaders, spark government raids into the Churches, create phony  
22 "evidence" of wrongdoing against the Churches, and, ultimately,  
23 destroy the Churches and their leadership.

24 15. Contemporaneously with the signing of the Agreement,  
25 Armstrong represented that he understood the Agreement's  
26 provisions and was acting of his own free will and not under  
27 duress.

28 16. The Agreement also provided that plaintiff CSI would

1 pay to Armstrong's attorney, Michael Flynn, a lump sum amount  
2 intended to settle not just Armstrong's case, but the cases of  
3 other clients of Mr. Flynn as well, and that Mr. Flynn would pay  
4 to Armstrong a portion of that settlement amount. The exact  
5 amount of the portion to be paid to Armstrong by Mr. Flynn was  
6 maintained as confidential between Mr. Flynn and Armstrong.

7 17. CSI paid to Mr. Flynn the lump sum settlement amount.

8 18. Mr. Flynn paid to Armstrong his confidential portion of  
9 the lump sum settlement amount, which was at least \$520,000,  
10 after expenses.

11 19. The consideration paid to Armstrong was fair,  
12 reasonable and adequate. Plaintiff CSI has performed all of its  
13 obligations pursuant to the Agreement.

14 **FIRST CAUSE OF ACTION**

15 (Against Armstrong for Breach of Contract)

16 20. Plaintiff realleges paragraphs 1-19, inclusive, and  
17 incorporates them herein by reference.

18 21. Vicki and Richard Aznaran ("the Aznarans") are former  
19 Scientology parishioners currently engaged in litigation against,  
20 inter alia, RTC and CSI, in the case of Vicki J. Aznaran, et al.  
21 v. Church of Scientology of California, et al., United States  
22 District Court for the Central District of California, Case No.  
23 CV 88-1786 JMI (Ex).

24 22. In June, 1991, the Aznarans discharged their attorney,  
25 Ford Greene, and retained attorney Joseph A. Yanny to represent  
26 them.

27 23. While acting as the Aznarans' counsel, Yanny hired  
28 Gerald Armstrong as a paralegal to help Yanny on the Aznaran



1 case.

2 24. In July, 1991, Armstrong agreed to travel from Marin  
3 County to Los Angeles and asked Yanny to pay him \$500 for his  
4 proposed help.

5 25. In July, 1991, Armstrong did travel to Los Angeles as  
6 he had agreed, stayed with Yanny on July 15 and July 16, 1991,  
7 and provided Yanny with paralegal assistance and a declaration  
8 for the Aznaran case.

9 26. Yanny is former counsel to CSI, and his substitution  
10 into the case was vacated by the Court sua sponte on July 24,  
11 1991, the Court noting that Yanny's retention as the Aznarans'  
12 counsel was "highly prejudicial" to CSI.

13 27. Armstrong's acceptance of employment by Yanny to work  
14 on the Aznarans' litigation is a direct violation of Paragraphs  
15 7(G) and 10 of the Agreement.

16 28. As a direct and proximate result of Armstrong's breach  
17 of the agreement by providing paralegal assistance to Yanny in  
18 the Aznarans' litigation, plaintiff has incurred damages which  
19 are not presently calculable. In no event, however, are they  
20 less than the jurisdictional minimum of this Court.  
21 Consequently, for this breach plaintiff seeks compensatory and  
22 consequential damages according to proof.

23 **SECOND CAUSE OF ACTION**

24 (Against Armstrong for Breach of Contract)

25 29. Plaintiff realleges paragraphs 1-19, 21-28, inclusive,  
26 and incorporates them herein by reference.

27 30. After Yanny entered his appearance in the Aznarans'  
28 case and indicated to CSI's counsel that he represented Gerald

1 Armstrong as well, CSI brought suit against Yanny in the case of  
2 Religious Technology Center, et al. v. Joseph A. Yanny, et al.,  
3 Los Angeles Superior Court No. BC 033035 ("RTC v. Yanny"). In  
4 that action, plaintiff sought and obtained a Temporary  
5 Restraining Order and a Preliminary Injunction against Yanny,  
6 which prohibit Yanny from aiding, advising, or representing,  
7 directly or indirectly, the Aznarans or Armstrong, on any matters  
8 relating to the plaintiff.

9 31. At the hearings before the Court on the temporary  
10 restraining order and the injunction, Yanny filed two  
11 declarations prepared and executed by Armstrong on July 16, 1991.  
12 The declarations were offered by Yanny as part of Yanny's  
13 defense, which was ultimately rejected by the Court when it  
14 issued its injunction.

15 32. Armstrong's aid to Yanny in the RTC v. Yanny case is a  
16 direct violation of Paragraphs 7(G) and 10 of the Agreement.

17 33. Armstrong attached as an exhibit to one of his July 16,  
18 1991 declarations a copy of the Agreement, the terms of which he  
19 had agreed, pursuant to paragraph 18(D), to keep confidential.  
20 This disclosure of the terms of the Agreement is a violation of  
21 its non-disclosure provisions, requiring that Armstrong pay to  
22 CSI \$50,000 in liquidated damages.

23 34. Despite demand by plaintiff, Armstrong has failed and  
24 refused to pay them the \$50,000 owed in liquidated damages for  
25 this breach of the Agreement.

26 **THIRD CAUSE OF ACTION**

27 (Against All Defendants for Breach of Contract)

28 35. Plaintiff realleges paragraphs 1-19, 21-28 and 30-34,

1 inclusive, and incorporates them herein by reference.

2 36. After Yanny's substitution into the Aznarans' case was  
3 summarily vacated, Ford Greene was reinstated as Aznarans'  
4 counsel of record. Ford Greene's law offices are located in San  
5 Anselmo, California.

6 37. On or about August, 1991, Armstrong began working in  
7 Ford Greene's office as a paralegal on the Aznarans' case. When,  
8 thereafter, the Aznarans hired attorney John Elstead to represent  
9 them as well, Armstrong provided paralegal services to Elstead as  
10 well as Greene. Armstrong's employment in Greene's office has  
11 continued to the present. Armstrong's activities constitute a  
12 daily and continuing breach of his contract, rendering  
13 plaintiff's bargain a nullity.

14 38. Plaintiff CSI has already incurred, and continues to  
15 incur, damages as a direct and proximate result of Armstrong's  
16 provision of aid to Greene in the Aznarans' case. Those damages  
17 are not presently calculable and will cease only when Armstrong  
18 is ordered to stop his improper conduct. In no event, however,  
19 are they less than the jurisdictional minimum of this Court.  
20 Consequently, for this breach plaintiff seeks compensatory and  
21 consequential damages according to proof.

22 **FOURTH CAUSE OF ACTION**

23 (Against All Defendants for Breach of Contract)

24 39. Plaintiff realleges paragraphs 1-19, 21-28, 30-34 and  
25 36-38, inclusive, and incorporates them herein by reference.

26 40. In addition to the paralegal services which Armstrong  
27 has provided to Ford Greene and John Elstead on the Aznarans'  
28 litigation, Armstrong also provided the Aznarans with a

1 declaration, dated August 26, 1991, and filed in the Aznarans'  
2 case. In that declaration, Armstrong describes some of his  
3 alleged experiences with and concerning plaintiff, and purports  
4 to authenticate copies of certain documents. These actions and  
5 disclosures are violations of paragraphs 7(G), 7(H) and 10 of the  
6 Agreement, requiring that Armstrong pay to CSI \$50,000 in  
7 liquidated damages.

8 41. Despite demand by plaintiff, Armstrong has failed and  
9 refused to comply with the liquidated damages provision by paying  
10 \$50,000 to plaintiff as demanded for this breach of the  
11 Agreement.

12 **FIFTH CAUSE OF ACTION**

13 (For Breach of Contract Against Armstrong)

14 42. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
15 38 and 40-41, inclusive, and incorporates them hereby reference.

16 43. On or about March 19, 1992, Armstrong, acting through  
17 Ford Greene as his agent, transmitted a press release to various  
18 members of the media, including the Cable News Network, San  
19 Francisco Chronicle, San Francisco Examiner, and the Marin County  
20 Independent Journal. A true and correct copy of the press  
21 release is attached hereto as Exhibit B. Said press release  
22 violated the Agreement in that it constituted disclosures by  
23 Armstrong, through Ford Greene as his agent, of his experiences  
24 with Scientology as prohibited by paragraph 2. The following are  
25 the excerpts from the press release which violate paragraph 2:

- 26 a) "Can the Scientology organization purchase the  
27 free speech rights of Gerald Armstrong-the former  
28 in-house biographer researcher/archivist of cult  
leader, L. Ron Hubbard..."

- 1           b) "A former high-ranking Scientologist for 12 years,  
2            Armstrong split with the group when it insisted he  
3            continue lying about the accomplishments Hubbard  
4            claimed to the public at large."
- 5           c, "For years Scientology has treated Armstrong as a  
6            'suppressive person' who was 'fair game.'"
- 7           d) "Armstrong is resisting Scientology's high-powered  
8            attack in an effort to affirm his right to free  
9            speech to maintain vigilance for the truth."
- 10          e) "(Scientology is) fabricating false scenarios in  
11          other court proceedings that Armstrong was an  
12          agent of the IRS out to destroy it."

13           44. In addition, the press release devotes an entire  
14          paragraph to a description of the lawsuit resulting from the  
15          Settlement Agreement and to a description of the Settlement  
16          Agreement itself:

17                    "After Armstrong beat Scientology's lawsuit  
18                    against him in 1984, he was poised to  
19                    prosecute his own claims. For millions of  
20                    dollars, however, in 1986 Scientology settled  
21                    with he and over 17 other Scientology  
22                    knowledgeable individuals on the condition  
23                    that those persons would forever keep silent,  
24                    avoid giving sworn testimony by evading  
25                    subpoenas, and never aid or assist anyone  
26                    adverse to Scientology."

27          The distribution of the press release violated the provisions of  
28          paragraphs 7(D) and 18 of the Agreement.

29           45. By reason of the foregoing breach by Armstrong,  
30          plaintiff is entitled to \$50,000 in liquidated damages and  
31          compensatory damages not presently known but believed to be in  
32          excess of the jurisdictional minimum of this Court.

33                                   SIXTH CAUSE OF ACTION

34                                   (For Breach of Contract by Armstrong)

35           46. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
36          38, 40-41 and 43-45, inclusive, and incorporates them hereby by reference.

1 47. On or about March 19 and 20, 1992, Armstrong and  
2 Greene, acting as Armstrong's agent, granted the media additional  
3 interviews, which also violated paragraph 2 of the Agreement.  
4 During the course of his interview with the Cable News Network,  
5 for example, Armstrong stated, "I'm an expert in the  
6 misrepresentations Hubbard has made about himself from the  
7 beginning of Dianetics until the day he died." Attached hereto  
8 and incorporated herein by reference as Exhibit C is a true and  
9 correct transcription of the CNN broadcast which featured this  
10 statement made voluntarily by Armstrong in a media interview.

11 48. By reason of the foregoing breach of the Agreement,  
12 plaintiff is entitled to \$50,000 in liquidated damages.

13 **SEVENTH CAUSE OF ACTION**

14 (Against Armstrong for Breach of Contract)

15 49. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
16 38, 40-41, 43-45 and 47-48, inclusive and incorporates them  
17 herein by reference.

18 50. On or about February, 1992, Armstrong agreed to appear  
19 voluntarily as an "expert witness" in litigation known as  
20 Hunziker v. Applied Materials, No. 692629 S.C.S.C (the "Hunziker  
21 case"). The alleged subject of his "expertise" was Scientology.  
22 The defendants named in the Hunziker case include, inter alia,  
23 World Institute of Scientology Enterprises, Inc., which is a  
24 Scientology affiliated entity protected by the Agreement.

25 51. On or about February 21, 1992 and February 23, 1992,  
26 Armstrong met voluntarily with James Rummond and John Elstead,  
27 attorneys for the plaintiffs in the Hunziker case. During his  
28 meetings with these attorneys, Armstrong discussed his alleged

1 history and experiences with plaintiff and with other Scientology  
2 entities and individuals protected by the Agreement, and offered  
3 to appear for the plaintiffs as an "expert" on the subject of  
4 Scientology practices and beliefs.

5       52. On March 3, 1992, Armstrong voluntarily, and without  
6 the issuance of a subpoena by anyone, appeared for deposition in  
7 the Hunziker case and accepted a fee for his testimony from the  
8 defendants in that case of \$1,000. During the course of the  
9 deposition, which lasted for approximately four hours, Armstrong  
10 testified at length concerning his alleged experiences with and  
11 concerning plaintiff and other Scientology affiliated entities  
12 and individuals protected by the Agreement, and concerning  
13 knowledge and information which he claimed to have, concerning  
14 plaintiff and other Scientology affiliated entities and  
15 individuals.

16       53. During his deposition on March 3, 1992, Armstrong  
17 produced documents which he claimed to have reviewed in  
18 preparation for his testimony, in violation of paragraph 7(D) of  
19 the Agreement.

20       54. On or about March 12, 1992, Armstrong again appeared  
21 for deposition in the Hunziker case. This time, Armstrong  
22 claimed that he had been given a deposition subpoena not by the  
23 deposing attorney, but by attorney Elstead, and that Elstead had  
24 "filled out" the subpoena earlier that morning. Armstrong  
25 refused to produce a copy of the alleged subpoena, which had not  
26 been served on any of the parties to the case. In fact,  
27 Armstrong himself requested that Elstead issue him a subpoena on  
28 Sunday, March 8, 1992, after a temporary restraining order was

1 issued in this case. On March 8, 1992, Armstrong delivered  
2 additional documents to Elstead, again in violation of paragraph  
3 7(D) of the Agreement.

4 55. Plaintiff learned in April, 1992, through review of the  
5 aforesaid deposition transcript, that since the signing of the  
6 Agreement, Armstrong had "taken it upon [him]self" to reacquire  
7 documents which he had previously returned to plaintiff "from  
8 whatever source." He produced many of those documents  
9 voluntarily, first to Elstead on March 8, 1992, and then to  
10 opposing counsel during the March 12, 1992 deposition.

11 56. These actions and disclosures are violations of  
12 Paragraphs 7(D), 7(G), 7(H) and 10 of the Agreement, requiring  
13 that Armstrong pay to CSI \$250,000 in liquidated damages.

14 **EIGHTH CAUSE OF ACTION**

15 (Against Armstrong for Breach of Contract)

16 57. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
17 38, 40-41, 43-45, 47-48, 50-56, inclusive, and incorporates them  
18 herein by reference.

19 58. On or about April 7, 1992, while testifying in the  
20 matter known as Church of Scientology v. Yanny, (No. BC 033035),  
21 Armstrong made the Settlement Agreement sued upon herein an  
22 exhibit to the deposition transcript. Said action was a breach  
23 of paragraph 18(D) of the Agreement which prohibits disclosure of  
24 the contents of the Agreement.

25 59. By reason of the foregoing breach of the Agreement,  
26 Plaintiff is entitled to \$50,000 in liquidated damages, together  
27 with compensatory damages in an amount not presently known to  
28 plaintiff but believed to be in excess of the jurisdictional



1 minimum of this court.

2 NINTH CAUSE OF ACTION

3 (Against Armstrong for Beach of Contract)

4 60. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
5 38, 40-41, 43-45, 47-48, 50-56 and 58-59, inclusive, and  
6 incorporates them herein by reference.

7 61. In breach of the provision of paragraph 7(E) of the  
8 Agreement, Armstrong failed to return a letter written by L. Ron  
9 Hubbard to the Federal Bureau of Investigation in 1955 and an  
10 internal communication known as "Technical Bulletin."

11 62. In breach of the provisions of paragraph 7(H) of the  
12 Agreement, Armstrong gave a declaration in the Aznaran litigation  
13 on August 26, 1991 in opposition to a motion to exclude expert  
14 testimony.

15 63. Said declaration attached as exhibits the two documents  
16 referred to in paragraph 61 above, in breach of the provisions of  
17 Paragraph 7(D) of the Agreement.

18 64. By reason of the breaches by Armstrong in paragraphs  
19 7(E) and 7(H) of the Agreement, plaintiff has been damaged in an  
20 amount not presently known but believed to be in excess of the  
21 jurisdictional minimum of this Court.

22 65. By reason of the breach by Armstrong of paragraph 7(D)  
23 of the Agreement, plaintiff is entitled to liquidated damages in  
24 the amount of \$50,000.

25 TENTH CAUSE OF ACTION

26 (Against Armstrong for Breach of Contract)

27 66. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
28 38, 40-41, 43-45, 47-48, 50-56, 58-59 and 61-65, inclusive, and

1 incorporates them herein by reference.

2 67. Plaintiff learned in March, 1992, that during 1990 and  
3 1991, Armstrong voluntarily provided aid and advice to Bent  
4 Corydon and to Corydon's attorney, Toby Plevin, in the conduct of  
5 litigation against plaintiff and affiliated entities in the case  
6 of Bent Corydon v. Church of Scientology International, et al.,  
7 Los Angeles Superior Court Case No. C 694401.

8 68. Armstrong's voluntary provision of aid to Plevin to  
9 work on Corydon's litigation is a direct violation of paragraphs  
10 7(G) and 10 of the Agreement.

11 69. As a direct and proximate result of Armstrong's breach  
12 of the Agreement by providing voluntary assistance to Plevin in  
13 Corydon's litigation, plaintiff has incurred damages which are  
14 not presently calculable. In no event, however, are they less  
15 than the jurisdictional minimum of this Court. Consequently, for  
16 this breach plaintiff seeks compensatory and consequential  
17 damages according to proof.

18 ELEVENTH CAUSE OF ACTION

19 (Against Armstrong for Breach of Contract)

20 70. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
21 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, inclusive,  
22 and incorporates them herein by reference.

23 71. On May 27, 1992, after plaintiff's motion for  
24 preliminary injunction in this matter had been argued, and while  
25 a determination of that motion was still pending, Armstrong  
26 voluntarily provided a declaration to Gary M. Bright and Jerold  
27 Fagelbaum, attorneys for defendants David Mayo, Church of the New  
28 Civilization, John Nelson, Harvey Haber, Vivien Zegel and Dede

1 Reisdorf in the consolidated cases of Religious Technology  
2 Center, et al. v. Robin Scott, et al., and Religious Technology  
3 Center, et al. v. Wollersheim, et al., United States District  
4 Court for the Central District of California, Case Nos. CV 85-711  
5 JMI (Bx) and CV 85-7197 JMI (Bx) (the "Scott case"). The  
6 plaintiffs in the Scott case are plaintiff, Church of Scientology  
7 International, Church of Scientology of California, and Religious  
8 Technology Center, all entities specifically protected by the  
9 Agreement.

10 72. In his May 27, 1992 declaration, Armstrong purports to  
11 authenticate an earlier declaration which describes some of his  
12 alleged experiences with and concerning plaintiff, as well as a  
13 portion of a transcript which was ordered sealed in the earlier  
14 action between plaintiff and defendant. These actions and  
15 disclosures are violations of paragraphs 7(G), 7(H) and 10 of the  
16 Agreement, requiring that Armstrong pay to CSI \$50,000 in  
17 liquidated damages.

18 73. As a direct and proximate result of Armstrong's breach  
19 of the Agreement by providing voluntary assistance to Bright and  
20 Fagelbaum in the Scott case, plaintiff has incurred additional  
21 damages which are not presently calculable. In no event,  
22 however, are they less than the jurisdictional minimum of this  
23 Court. Consequently, for this breach plaintiff also seeks  
24 compensatory and consequential damages according to proof.

25 **TWELFTH CAUSE OF ACTION**

26 (Against All Defendants for Breach of Contract)

27 74. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
28 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73,

1 inclusive, and incorporates them herein by reference.

2 75. Since August, 1991, Armstrong has worked as a paralegal  
3 for attorney Ford Greene. Mr. Greene's practice consists  
4 substantially of pressing claims by former Scientologists against  
5 the plaintiff and other individuals and entities identified in  
6 paragraph 1 as beneficiaries of the Agreement (collectively, "the  
7 Beneficiaries").

8 76. Among Mr. Greene's clients who are pressing claims  
9 against one or more of the Beneficiaries are Ed Roberts and  
10 Denise Cantin.

11 77. While working in Mr. Greene's office, Armstrong  
12 provided substantial paralegal assistance to Mr. Greene in the Ed  
13 Roberts and Denise Cantin matters. In the case of Roberts, for  
14 example, Armstrong went to Colorado and interviewed Roberts in  
15 November, 1991, and has interviewed him at least seven times  
16 since then. In December, 1992, Armstrong even made a settlement  
17 demand to plaintiff's counsel on behalf of Roberts, without  
18 bothering to go through Roberts' attorney, Mr. Greene.

19 78. Armstrong's employment by Greene to work on the Roberts  
20 and Cantin matters is a direct violation of paragraphs 7(G) and  
21 10 of the Agreement.

22 79. As a direct and proximate result of Armstrong's breach  
23 of the agreement by providing paralegal assistance to Greene on  
24 the Roberts and Cantin matters, plaintiff has incurred damages  
25 which are not presently calculable. In no event, however, are  
26 they less than the jurisdictional minimum of this Court.  
27 Consequently, for this breach plaintiff seeks compensatory and  
28 consequential damages according to proof.

1 THIRTEENTH CAUSE OF ACTION

2 (For Breach of Contract Against All Defendants)

3 80. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
4 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 7-69, 71-73 and 75-  
5 79, inclusive, and incorporates them herein by reference.

6 81. In or about November, 1992, in Los Angeles, California,  
7 Armstrong attended a convention of the Cult Awareness Network, an  
8 anti-religious group whose members advocate the kidnapping and  
9 "deprogramming" of persons belonging to groups which they label  
10 "cults." While at the convention, Armstrong provided a lengthy  
11 videotaped interview to deprogramming specialist Jerry Whitfield.  
12 A true and correct copy of the transcript of the videotape is  
13 attached hereto as Exhibit D. Said videotaped interview violates  
14 the Agreement in that it purportedly contains disclosures by  
15 Armstrong of his claimed experiences with Scientology as  
16 prohibited by paragraph 7(D) of the Agreement.

17 82. In addition, the videotaped interview devotes an entire  
18 section to a description of the earlier action resulting from the  
19 Settlement Agreement and to a description of the Settlement  
20 Agreement itself. The making of the videotape violated the  
21 provisions of paragraphs 7(D) and 18 of the Agreement.

22 83. In addition, plaintiff is informed and therefore  
23 believes that Armstrong has distributed the videotape to persons  
24 other than Whitfield, the number of which plaintiff has still to  
25 ascertain. The provision of the videotape by Armstrong to any  
26 person additionally violates paragraphs 7(D) and 18 of the  
27 Agreement.

28 84. In addition, while at the CAN convention, Armstrong

1 spoke with approximately fifty (50) people, and willingly  
2 disclosed to them his claimed experiences with Scientology, in  
3 violation of paragraphs 7(D) and 18 of the Agreement.

4 85. By reason of the foregoing breaches by Armstrong,  
5 plaintiff is entitled to at least \$150,000 in liquidated damages,  
6 and further liquidated damages subject to proof.

7 **FOURTEENTH CAUSE OF ACTION**

8 (For Breach of Contract Against All Defendants)

9 86. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
10 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-79  
11 and 81-85, inclusive, and incorporates them herein by reference.

12 87. On or about December 22, 1992, Armstrong sent a letter  
13 to, inter alia, Malcolm Nothling, Ed Roberts, Lawrence  
14 Wollersheim, Richard Aznaran, Vicki Aznaran, Richard Behar, Ford  
15 Greene, Paul Morantz, Joseph A. Yanny, Toby L. Plevin, Graham E.  
16 Berry, Stuart Cutler, Anthony Laing, John C. Elstead, Fr. Kent  
17 Burtner, Margaret Singer, Cult Awareness Network and Daniel A.  
18 Leipold. Each of these individuals or organizations is (a)  
19 engaged in litigation against plaintiff and/or other  
20 Beneficiaries; (b) an avowed adversary of plaintiff and/or other  
21 Beneficiaries; and/or (c) an attorney who represents or has  
22 represented litigants and/or adversaries of plaintiff and/or  
23 other Beneficiaries. A true and correct copy of the letter sent  
24 by Armstrong is attached hereto as Exhibit E. Said letter  
25 violates the Agreement in that it contains purported disclosures  
26 by Armstrong of his claimed experiences with Scientology as  
27 prohibited by paragraph 7(D).

28 88. In addition, the letter devotes an entire section to a

1 description of the earlier action resulting from the breaches of  
2 the Settlement Agreement and to a description of the Settlement  
3 Agreement itself. The sending of the letter to plaintiff's  
4 adversaries violated the provision of paragraph 7(D) of the  
5 Agreement.

6 89. By reason of the foregoing breach of the Agreement,  
7 plaintiff is entitled to \$950,000 in liquidated damages.

8 **FIFTEENTH CAUSE OF ACTION**

9 (Against All Defendants for Breach of Contract)

10 90. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
11 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 71-73, 75-79, 81-85  
12 and 87-89, inclusive and incorporates them herein by reference.

13 91. According to Armstrong, sometime between December 22,  
14 1992 and March 10, 1993, he spoke at an event at which  
15 approximately 30 to 40 people were present. At this event,  
16 Armstrong spoke of, inter alia, his claimed experiences with  
17 Scientology, in violation of at least paragraphs 7(D) and 18 of  
18 the Agreement, and received monetary compensation for his speech.

19 92. By reason of the foregoing breach of the Agreement,  
20 plaintiff is entitled to \$50,000 in liquidated damages.

21 **SIXTEENTH CAUSE OF ACTION**

22 (Against All Defendants for Breach of Contract)

23 93. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
24 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 71-73, 75-79, 81-  
25 85, 87-89, 91-92, inclusive, and incorporates them herein by  
26 reference.

27 94. In or about June, 1993, Armstrong gave an interview to  
28 one or more reporters from Newsweek magazine, which also violated

1 paragraph 7(D) of the Agreement. Plaintiff is informed, and  
2 therefore believes, that during the course of his interview with  
3 the Newsweek reporter(s), whose identity is known to defendants  
4 but not to plaintiff, Armstrong stated that the Founder of the  
5 Scientology faith, L. Ron Hubbard, wanted "rich Scientologists to  
6 buy huge quantities of [The Way to Happiness] for distribution.  
7 He wanted to go down in history as a scientist or a philosopher  
8 or both." Attached hereto and incorporated herein by reference  
9 as Exhibit F is a true and correct copy of the Newsweek article  
10 which featured this statement made voluntarily by Armstrong in a  
11 media interview. The provision of this interview by Armstrong  
12 violated the provisions of paragraphs 2, 7(D) and 18 of the  
13 Agreement.

14 95. By reason of the foregoing breach of the Agreement,  
15 plaintiff is entitled to \$50,000 in liquidated damages.

16 **SEVENTEENTH CAUSE OF ACTION**

17 (Against All Defendants for Breach of Contract)

18 96. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
19 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-  
20 79, 81-85, 87-89, 91-92 and 94-95, inclusive, and incorporates  
21 them herein by reference.

22 97. In or about August, 1993, Armstrong gave an interview  
23 to one or more reporters from Entertainment Television, with the  
24 intention that the reporters broadly republish the interview on  
25 national television, which also violated paragraph 7(D) of the  
26 Agreement. During the course of his interview with the  
27 Entertainment Television reporter(s), whose identity is known to  
28 defendants but not to plaintiff, Armstrong made statements



1 concerning his claimed experiences with Scientology. Further,  
2 Armstrong provided to Entertainment Television a copy of a  
3 manuscript entitled: "ONE HELL OF A STORY An Original Treatment  
4 Written for Motion Picture Purposes Created and Written by Gerald  
5 Armstrong" (hereinafter, "the treatment"). Plaintiff is informed  
6 and believes that the treatment so provided includes detailed  
7 descriptions of Armstrong's alleged experiences in and concerning  
8 Scientology, including a description of Church scriptures which  
9 are considered sacred and confidential by the Church. Portions  
10 of the Armstrong interview and the treatment were shown on  
11 Entertainment Television's "Entertainment Tonight" show on August  
12 5, 1993. The provision of this interview and the treatment by  
13 Armstrong to Entertainment Television violated the provisions of  
14 at least paragraphs 7(D) and 18 of the Agreement.

15 98. By reason of the foregoing breach of the Agreement,  
16 plaintiff is entitled to \$50,000 in liquidated damages.

17 **EIGHTEENTH CAUSE OF ACTION**

18 (Against All Defendants for Injunctive Relief)

19 99. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
20 38, 40-41, 43-45, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-  
21 79, 81-85, 87-89, 91-92, 94-95, 97-98, inclusive, and  
22 incorporates them herein by reference.

23 100. In or about June 1993, defendant Armstrong caused the  
24 formation of and became a director and officer of a Colorado  
25 corporation which he called Fight Against Coercive Tactics, Inc.  
26 ("FACTI"). One of the avowed purposes of this corporation is to  
27 foment civil litigation against plaintiff and the other entities  
28 and individuals protected by the Agreement. Armstrong formed

1 FACTI to implement his plan to foment such litigation.

2 101. Armstrong has established FACTI to create an electronic  
3 "library" that would feature, inter alia, hundreds of documents,  
4 declarations, exhibits and arguments prepared by Armstrong which  
5 discuss and pertain to the Beneficiaries, and to attempt to  
6 "shelter" these contractual breaches under a corporate name and  
7 the rubric of First Amendment privilege.

8 102. Armstrong has provided an entire assortment of  
9 documents to FACTI for its electronic library, including a copy  
10 of the settlement agreement herein, scores of declarations, and  
11 documents which Armstrong retained in violation of paragraph 7(E)  
12 of the Agreement. Providing these documents to FACTI with the  
13 intention that FACTI distribute them to others, including but not  
14 limited to other litigants, is a breach of paragraphs 7(H) and  
15 7(D) of the Agreement.

16 103. In or about January, 1994, Armstrong, using FACTI, sent  
17 a mass mailing to an as yet unascertained number of people,  
18 including members of the Scientology faith. In the mailing,  
19 Armstrong exhorts recipients to bring civil actions against the  
20 Church, stating that he is collecting negative information about  
21 the plaintiff "to assist ongoing litigation." Further, Armstrong  
22 requests the addresses of and ways to contact the family members  
23 of senior Church executives, an action which is clearly intended  
24 for the purpose of harassment.

25 104. To further the fomenting of litigation, the mailing  
26 contains a list, based on rumor, falsehood and innuendo, of  
27 persons supposedly harmed or injured by their belief in the  
28 Scientology religion. Plaintiff is informed and believes that

1 Armstrong, using FACTI as his cover, provided that list to Graham  
2 Berry, an attorney representing defendant Uwe Geertz in the case  
3 of Church of Scientology International v. Steven Fishman, et al.,  
4 United States District Court for the Central District of Los  
5 Angeles, Case No. 91-6426 HLH (Tx), which Berry then used against  
6 the Church in that action.

7 105. Armstrong's provision of assistance to Geertz and  
8 scores of other as yet unidentified would-be litigants is a  
9 direct violation of paragraphs 7(G) and 10 of the Agreement.

10 106. As a direct and proximate result of Armstrong's breach  
11 of the agreement via FACTI, plaintiff has incurred damages which  
12 are not presently calculable. In no event, however, are they  
13 less than the jurisdictional minimum of this Court. Consequently,  
14 for this breach plaintiff seeks compensatory and consequential  
15 damages according to proof.

16 **NINETEENTH CAUSE OF ACTION**

17 (Against Armstrong for Breach of Contract)

18 107. Plaintiff realleges paragraphs 1-19, 21-28, 30 -34, 36-  
19 38, 40-41, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-79, 81-  
20 85, 87-89, 91-92, 94-95, 97-98, and 100-106, inclusive, and  
21 incorporates them herein by reference.

22 108. On or about February 22, 1994, Armstrong voluntarily  
23 provided a declaration to Graham E. Berry, Gordon C. Calhoun, and  
24 the law firm of Lewis, D'Amato, Brisbois & Bisgaard, attorneys  
25 for defendant Uwe Geertz in the case of Church of Scientology  
26 International v. Steven Fishman and Uwe Geertz, United States  
27 District Court for the Central District of California, Case No.  
28 CV 91-6426 HLH (Tx). The declaration consists of a 14-page

1 discussion of his claimed experiences with and concerning  
2 plaintiff.

3 109. In his February 22, 1994 declaration, Armstrong also  
4 purports to authenticate a document which he titles "Find a  
5 Better Basket," and which he claims is both a literary work and a  
6 declaration. Armstrong further claims that "Find a Better  
7 Basket" describes some of his alleged experiences with and  
8 concerning plaintiff.

9 110. These actions and disclosures are violations of  
10 paragraphs 7(G), 7(H) and 10 of the Agreement, requiring that  
11 Armstrong pay to CSI \$50,000 in liquidated damages.

12 111. As a direct and proximate result of Armstrong's breach  
13 of the Agreement by providing voluntary assistance to Berry and  
14 Calhoun in the Fishman case, plaintiff has incurred additional  
15 damages which are not presently calculable. In no event,  
16 however, are they less than the jurisdictional minimum of this  
17 Court. Consequently, for this breach plaintiff also seeks  
18 compensatory and consequential damages according to proof.

19 **TWENTIETH CAUSE OF ACTION**

20 (Against All Defendants for Injunctive Relief)

21 112. Plaintiff realleges paragraphs 1-19, 21-28, 30-34, 36-  
22 38, 40-41, 47-48, 50-56, 58-59, 61-65, 67-69, 71-73, 75-79, 81-  
23 85, 87-89, 91-92, 94-95, 97-98, 100-106 and 108-111, inclusive,  
24 and incorporates them herein by reference.

25 113. On or about April 28, 1993, plaintiff learned that  
26 Armstrong intended to appear that day on radio station KFAX and  
27 disclose his claimed experiences with Scientology. Plaintiff's  
28 counsel, Laurie Bartilson, faxed a letter to Armstrong and his

1 attorney, informing him that plaintiff would consider any such  
2 appearance to be a violation of the Agreement, and would subject  
3 Armstrong to the liquidated damages provision contained therein.  
4 In response, Armstrong sent a letter to Ms. Bartilson which  
5 stated, inter alia,

6       Your threat that you will subject me to the liquidated  
7       damages provision of the settlement agreement for  
8       appearing on KFAX is obscene. Even its inclusion in  
9       the settlement agreement; that is \$50,000.00 per word I  
10       write or speak about your organization is obscene....

11 In addition, Armstrong asserted that settlement agreements were  
12 an "antisocial policy" of plaintiff. He stated that he would not  
13 stop making media appearances and speeches, and that he had more  
14 planned for the near future if plaintiff did not immediately  
15 accede to his demands:

16       I expect to be doing various media appearances in the  
17       near future and talks to various groups, including one  
18       I have already agreed to with a university psychology  
19       class. I think it would be very beneficial, therefore,  
20       to resolve our differences as soon as possible by your  
21       organization's clear repudiation of its antisocial  
22       policies and practices, so that I can have good things  
23       to report at these talks.

24       114. In or about June, 1993, Armstrong made good his  
25       threats, and gave an interview to a reporter(s) from Newsweek  
26       magazine, as described in paragraph 94, supra.

27       115. On July 2, 1993, again making good his threats,  
28       Armstrong appeared in Los Angeles, California at the Los Angeles  
29       Superior Court. He attended a hearing in the Wollersheim II  
30       case, and afterwards gave an interview to a reporter who claimed  
31       to be "working on a story," but refused to identify himself.

32       116. In or about August, 1993, Armstrong gave an interview  
33       to reporters from Entertainment Television, as described in

1 paragraph 97, supra.

2 117. In or about August, 1993, Armstrong delivered to  
3 Entertainment Television a motion picture "treatment" concerning  
4 his experiences in and concerning Scientology, and told reporters  
5 for Entertainment Television that he was trying to "sell" the  
6 treatment, and have his claimed experiences portrayed in a motion  
7 picture.

8 118. In his February 22, 1994 declaration, which Armstrong  
9 provided to attorneys for litigant Uwe Geertz, Armstrong  
10 purported to authenticate a document which he titles "Find a  
11 Better Basket." Armstrong further claims that "Find a Better  
12 Basket" supposedly describes some of his alleged experiences with  
13 and concerning plaintiff is the treatment for a screenplay which  
14 he hopes to sell. ;

15 119. As described in paragraphs 100-103, supra, Armstrong  
16 has, in concert with others, created a computer bulletin board  
17 which has as its purpose facilitating continuous breaches of the  
18 Agreement by electronic means.

19 120. As a direct and proximate result of Armstrong's breach  
20 of the Agreement by disclosing his experiences, by making media  
21 appearances, by repeatedly providing assistance to litigants,  
22 would-be claimants and their attorneys, and by creating and  
23 operating FACTI, which breaches are persistent and continuing,  
24 CSI is and will continue to be irreparably harmed, and unless  
25 Armstrong and those acting in concert with him are preliminarily  
26 and permanently enjoined from continuing that unlawful conduct,  
27 further irreparable harm will be caused to CSI.

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1 ON THE FIRST CAUSE OF ACTION

2 1. For compensatory and consequential damages according to  
3 proof.

4 2. For attorneys' fees and costs of suit.

5 ON THE SECOND CAUSE OF ACTION

6 1. For liquidated damages in the amount of \$50,000.

7 2. For attorneys' fees and costs of suit.

8 ON THE THIRD CAUSE OF ACTION

9 1. For compensatory and consequential damages according to  
10 proof.

11 2. For attorneys' fees and costs of suit.

12 ON THE FOURTH CAUSE OF ACTION

13 1. For liquidated damages in the amount of \$50,000.

14 2. For attorneys' fees and costs of suit.

15 ON THE FIFTH CAUSE OF ACTION

16 1. For liquidated damages in the amount of \$50,000.

17 2. For compensatory and consequential damages according to  
18 proof.

19 3. For attorneys' fees and costs of suit.

20 ON THE SIXTH CAUSE OF ACTION

21 1. For liquidated damages in the amount of \$50,000.

22 2. For attorneys' fees and costs of suit.

23 ON THE SEVENTH CAUSE OF ACTION

24 1. For liquidated damages in the amount of \$250,000.

25 2. For attorneys' fees and costs of suit.

26 ON THE EIGHTH CAUSE OF ACTION

27 1. For liquidated damages in the amount of \$50,000.

28 2. For attorneys' fees and costs of suit.

1 ON THE NINTH CAUSE OF ACTION

- 2 1. For compensatory and consequential damages according to  
3 proof.  
4 2. For liquidated damages in the amount of \$50,000.  
5 3. For attorneys' fees and costs of suit.

6 ON THE TENTH CAUSE OF ACTION

- 7 1. For compensatory and consequential damages according to  
8 proof.  
9 2. For attorneys' fees and costs of suit.

10 ON THE ELEVENTH CAUSE OF ACTION

- 11 1. For compensatory and consequential damages according to  
12 proof.  
13 2. For liquidated damages in the amount of \$50,000.  
14 3. For attorneys' fees and costs of suit.

15 ON THE TWELFTH CAUSE OF ACTION

- 16 1. For compensatory and consequential damages according to  
17 proof.  
18 2. For attorneys' fees and costs of suit.

19 ON THE THIRTEENTH CAUSE OF ACTION

- 20 1. For liquidated damages of \$150,000, and further  
21 liquidated damages according to proof.  
22 2. For attorneys' fees and costs of suit.

23 ON THE FOURTEENTH CAUSE OF ACTION

- 24 1. For liquidated damages in the amount of \$950,000.  
25 2. For attorneys' fees and costs of suit.

26 ON THE FIFTEENTH CAUSE OF ACTION

- 27 1. For liquidated damages in the amount of \$50,000.  
28 2. For attorneys' fees and costs of suit.



1 ON THE SIXTEENTH CAUSE OF ACTION

- 2 1. For liquidated damages in the amount of \$50,000.  
3 2. For attorneys' fees and costs of suit.

4 ON THE SEVENTEENTH CAUSE OF ACTION

- 5 1. For liquidated damages in the amount of \$50,000.  
6 2. For attorneys' fees and costs of suit.

7 ON THE EIGHTEENTH CAUSE OF ACTION

- 8 1. For compensatory and consequential damages according to  
9 proof.  
10 2. For attorneys' fees and costs of suit.

11 ON THE NINETEENTH CAUSE OF ACTION

- 12 1. For liquidated damages in the amount of \$50,000.  
13 2. For compensatory and consequential damages according to  
14 proof.  
15 3. For attorneys' fees and costs of suit.

16 ON THE TWENTIETH CAUSE OF ACTION

- 17 1. For a preliminary and permanent injunction prohibiting  
18 and restraining all defendants, including Armstrong, from  
19 violating any of the provisions of the Agreement, including the  
20 provisions of paragraphs 7(D), 7(E), 7(G), 7(H) and 18(D).

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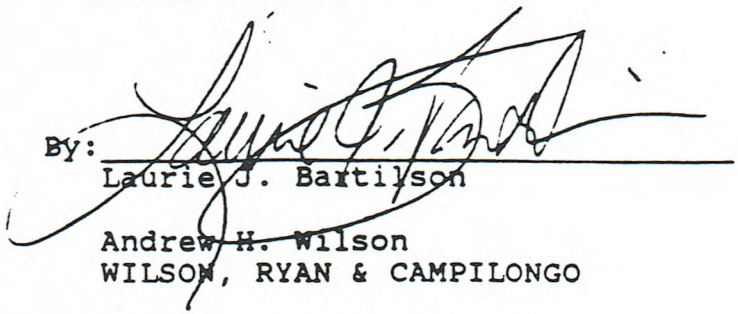
ON ALL CAUSES OF ACTION

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1. For such other and further relief as the Court may deem just and proper.

DATED: April 4, 1994

BOWLES & MOXON

By:   
Laurie J. Bartilson

Andrew H. Wilson  
WILSON, RYAN & CAMPILONGO

Attorneys for Plaintiff  
CHURCH OF SCIENTOLOGY  
INTERNATIONAL

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VERIFICATION

I, LYNN R. FARNY, declare as follows:

I am Secretary of the Plaintiff, Church of Scientology International, in the above-entitled matter. I have read the foregoing Verified Second Amended Complaint for Damages and for Preliminary and Permanent Injunctive Relief for Breach of Contract and know the contents thereof, which are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare under the penalty of perjury pursuant to the laws of the State of California that the foregoing is true and correct.

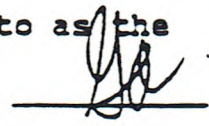
Executed on April 4, 1994, at Los Angeles, California.

  
LYNN R. FARNY

EXHIBIT A

MUTUAL RELEASE OF ALL CLAIMS AND SETTLEMENT AGREEMENT

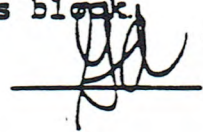
1. This Mutual Release of All Claims and Settlement Agreement is made between Church of Scientology International (hereinafter "CSI") and Gerald Armstrong, (hereinafter "Plaintiff") Cross-Complainant in Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153. By this Agreement, Plaintiff hereby specifically waives and releases all claims he has or may have from the beginning of time to and including this date, including all causes of action of every kind and nature, known or unknown for acts and/or omissions against the officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel of CSI as well as the Church of Scientology of California, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Religious Technology Center, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; all Scientology and Scientology affiliated organizations and entities and their officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Author Services, Inc., its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and its trustee; and Mary Sue Hubbard, (all hereinafter collectively referred to as the



"Releasees"). The parties to this Agreement hereby agree as follows:

2. It is understood that this settlement is a compromise of doubtful and disputed claims, and that any payment is not to be construed, and is not intended, as an admission of liability on the part of any party to this Agreement, specifically, the Releasees, by whom liability has been and continues to be expressly denied. In executing this settlement Agreement, Plaintiff acknowledges that he has released the organizations, individuals and entities listed in the above paragraph, in addition to those defendants actually named in the above lawsuit, because among other reasons, they are third party beneficiaries of this Agreement.

3. Plaintiff has received payment of a certain monetary sum which is a portion of a total sum of money paid to his attorney, Michael J. Flynn. The total sum paid to Mr. Flynn is to settle all of the claims of Mr. Flynn's clients. Plaintiff's portion of said sum has been mutually agreed upon by Plaintiff and Michael J. Flynn. Plaintiff's signature below this paragraph acknowledges that Plaintiff is completely satisfied with the monetary consideration negotiated with and received by Michael J. Flynn. Plaintiff acknowledges that there has been a block settlement between Plaintiff's attorney, Michael J. Flynn, and the Church of Scientology and Churches and entities related to the Church of Scientology, concerning all of Mr. Flynn's clients who were in litigation with any Church of Scientology or related entity. Plaintiff has received a portion of this block.

A handwritten signature in black ink, appearing to be "JA", is written over a horizontal line at the bottom right of the page.

amount, the receipt of which he hereby acknowledges. Plaintiff understands that this amount is only a portion of the block settlement amount. The exact settlement sum received by Plaintiff is known only to Plaintiff and his attorney, Michael J. Flynn, and it is their wish that this remain so and that this amount remain confidential.

  
\_\_\_\_\_  
Signature line for Gerald Armstrong

4. For and in consideration of the above described consideration, the mutual covenants, conditions and release contained herein, Plaintiff does hereby release, acquit and forever discharge, for himself, his heirs, successors, executors, administrators and assigns, the Releasees, including Church of Scientology of California, Church of Scientology International, Religious Technology Center, all Scientology and Scientology affiliated organizations and entities, Author Services, Inc. (and for each organization or entity, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel); L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and trustee; and Mary Sue Hubbard, and each of them, of and from any and all claims, including, but not limited to, any claims or causes of action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153 and all demands, damages, actions and causes of actions of every kind and nature, known or unknown,

for or because of any act or omission allegedly done by the Releasees, from the beginning of time to and including the date hereof. Therefore, Plaintiff does hereby authorize and direct his counsel to dismiss with prejudice his claims now pending in the above referenced action. The parties hereto will execute and cause to be filed a joint stipulation of dismissal in the form of the one attached hereto as Exhibit "A".

A. It is expressly understood by Plaintiff, that this release and all of the terms thereof do not apply to the action brought by the Church of Scientology against Plaintiff for Conversion, Fraud and other causes of action, which action has already gone to trial and is presently pending before the Second District, Third Division of the California Appellate Court (Appeal No. B005912). The disposition of those claims are controlled by the provisions of the following paragraph hereinafter.

B. As of the date this settlement Agreement is executed, there is currently an appeal pending before the California Court of Appeal, Second Appellate District, Division 3, arising out of the above referenced action delineated as Appeal No. B005912. It is understood that this appeal arises out of the Church of Scientology's complaint against Plaintiff which is not settled herein. This appeal shall be maintained notwithstanding this Agreement. Plaintiff agrees to waive any rights he may have to take any further appeals from any decision eventually reached by the Court of Appeal or any rights he may have to oppose (by responding brief or any other means) any further appeals taken by the Church of



Scientology of California. The Church of Scientology of California shall have the right to file any further appeals it deems necessary.

5. For and in consideration of the mutual covenants, conditions and release contained herein, and Plaintiff dismissing with prejudice the action Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153, the Church of Scientology of California does hereby release, acquit and forever discharge for itself, successors and assigns, Gerald Armstrong, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by Gerald Armstrong from the beginning of time to and including the date hereof.

6. In executing this Agreement, the parties hereto, and each of them, agree to and do hereby waive and relinquish all rights and benefits afforded under the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

7. Further, the undersigned hereby agree to the following:

A. The liability for all claims is expressly denied by the parties herein released, and this final compromise and

settlement thereof shall never be treated as an admission of liability or responsibility at any time for any purpose.

B. Plaintiff has been fully advised and understands that the alleged injuries sustained by him are of such character that the full extent and type of injuries may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, further damages may be sustained by Plaintiff; nevertheless, Plaintiff desires by this document to forever and fully release the Releasees. Plaintiff understands that by the execution of this release no further claims arising out of his experience with, or actions by, the Releasees, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the Releasees.

C. Plaintiff agrees to assume responsibility for the payment of any attorney fee, lien or liens, imposed against him past, present, or future, known or unknown, by any person, firm, corporation or governmental entity or agency as a result of, or growing out of any of the matters referred to in this release. Plaintiff further agrees to hold harmless the parties herein released, and each of them, of and from any liability arising therefrom.

D. Plaintiff agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other

similar form, any writing or to broadcast or to assist another to create, write, film or video tape or audio tape any show, program or movie, or to grant interviews or discuss with others, concerning their experiences with the Church of Scientology, or concerning their personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff expressly understands that the non-disclosure provisions of this subparagraph shall apply, inter alia, but not be limited, to the contents or substance of his complaint on file in the action referred to in Paragraph 1 hereinabove or any documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. The attorneys for Plaintiff, subject to the ethical limitations restraining them as promulgated by the state or federal regulatory associations or agencies, agree not to disclose any of the terms and conditions of the settlement negotiations, amount of the

settlement, or statements made by either party during settlement conferences. Plaintiff agrees that if the terms of this paragraph are breached by him, that CSI and the other Releasees would be entitled to liquidated damages in the amount of \$50,000 for each such breach. All monies received to induce or in payment for a breach of this Agreement, or any part thereof, shall be held in a constructive trust pending the outcome of any litigation over said breach. The amount of liquidated damages herein is an estimate of the damages that each party would suffer in the event this Agreement is breached. The reasonableness of the amount of such damages are hereto acknowledged by Plaintiff.


E. With exception to the items specified in Paragraph 7(L), Plaintiff agrees to return to the Church of Scientology International at the time of the consummation of this Agreement, all materials in his possession, custody or control (or within the possession, custody or control of his attorney, as well as third parties who are in possession of the described documents), of any nature, including originals and all copies or summaries of documents defined in Appendix "A" to this Agreement, including but not limited to any tapes, computer disks, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above, all evidence of any nature, including evidence obtained from the named defendants through discovery, acquired for the purposes of this lawsuit or any lawsuit, or acquired for any other purpose

concerning any Church of Scientology, any financial or administrative materials concerning any Church of Scientology, and any materials relating personally to L. Ron Hubbard, his family, or his estate. In addition to the documents and other items to be returned to the Church of Scientology International listed above and in Appendix "A", Plaintiff agrees to return the following:

(a) All originals and copies of the manuscript for the work "Excalibur" written by L. Ron Hubbard;

(b) All originals and copies of documents commonly known as the "Affirmations" written by L. Ron Hubbard; and

(c) All documents and other items surrendered to the Court by Plaintiff and his attorneys pursuant to Judge Cole's orders of August 24, 1982 and September 4, 1982 and all documents and other items taken by the Plaintiff from either the Church of Scientology or Omar Garrison. This includes all documents and items entered into evidence or marked for identification in Church of Scientology of California v. Gerald Armstrong, Case No. C 420 153. Plaintiff and his attorney will execute a Joint Stipulation or such other documents as are necessary to obtain these documents from the Court. In the event any documents or other items are no longer in the custody or control of the Los Angeles Superior Court, Plaintiff and his counsel will assist the Church in recovering these documents as quickly as possible, including but not limited to those tapes and other documents now in the possession of the United States District Court in the case of United States v. Zolin, Case No. CV



85-0440-HLH(T), presently on appeal in the Ninth Circuit Court of Appeals. In the event any of these documents are currently lodged with the Court of Appeal, Plaintiff and his attorneys will cooperate in recovering those documents as soon as the Court of Appeal issues a decision on the pending appeal.

To the extent that Plaintiff does not possess or control documents within categories A-C above, Plaintiff recognizes his continuing duty to return to CSI any and all documents that fall within categories A-C above which do in the future come into his possession or control.

F. Plaintiff agrees that he will never again seek or obtain spiritual counselling or training or any other service from any Church of Scientology, Scientologist, Dianetics or Scientology auditor, Scientology minister, Mission of Scientology, Scientology organization or Scientology affiliated organization.

G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology.

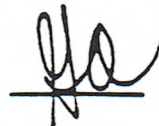
H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make

himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed.

I. The parties hereto agree that in the event of any future litigation between Plaintiff and any of the organizations, individuals or entities listed in Paragraph 1 above, that any past action or activity, either alleged in this lawsuit or activity similar in fact to the evidence that was developed during the course of this lawsuit, will not be used by either party against the other in any future litigation. In other words, the "slate" is wiped clean concerning past actions by any party.

J. It is expressly understood and agreed by Plaintiff that any dispute between Plaintiff and his counsel as to the proper division of the sum paid to Plaintiff by his attorney of record is between Plaintiff and his attorney of record and shall in no way affect the validity of this Mutual Release of All Claims and Settlement Agreement.

K. Plaintiff hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

A handwritten signature in black ink, appearing to be 'Jo', is written over a horizontal line.

L. Notwithstanding the provisions of Paragraph 7(E) above, Plaintiff shall be entitled to retain any artwork created by him which concerns or relates to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above provided that such artwork never be disclosed either directly or indirectly, to anyone. In the event of a disclosure in breach of this Paragraph 7(L), Plaintiff shall be subject to the liquidated damages and constructive trust provisions of Paragraph 7(D) for each such breach.

8. Plaintiff further agrees that he waives and relinquishes any right or claim arising out of the conduct of any defendant in this case to date, including any of the organizations, individuals or entities as set forth in Paragraph 1 above, and the named defendants waive and relinquish any right or claim arising out of the conduct of Plaintiff to date.

9. This Mutual Release of All Claims and Settlement Agreement contains the entire agreement between the parties hereto, and the terms of this Agreement are contractual and not a mere recital. This Agreement may be amended only by a written instrument executed by Plaintiff and CSI. The parties hereto have carefully read and understand the contents of this Mutual Release of All Claims and Settlement Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically



incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

11. The parties to this Agreement acknowledge the following:

A. That all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will;

B. That all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have obtained advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement; and

C. That all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

12. Each party shall bear its respective costs with respect to the negotiation and drafting of this Agreement and

all acts required by the terms hereof to be undertaken and performed by that party.

13. To the extent that this Agreement inures to the benefit of persons or entities not signatories hereto, this Agreement is hereby declared to be made for their respective benefits and uses.

14. The parties shall execute and deliver all documents and perform all further acts that may be reasonably necessary to effectuate the provisions of this Agreement.

15. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared this Agreement. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

16. In the event any provision hereof be unenforceable, such provision shall not affect the enforceability of any other provision hereof.

17. All references to the plural shall include the singular and all references to the singular shall include the plural. All references to gender shall include both the masculine and feminine.

18.(A) Each party warrants that they have received independent legal advice from their attorneys with respect to the advisability of making the settlement provided for herein and in executing this Agreement.

(B) The parties hereto (including any officer, agent, employee, representative or attorney of or for any party) acknowledge that they have not made any statement,

representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party (or of any officer, agent, employee, representative or attorney for the other party).

(C) The persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

(D) The parties hereto and their respective attorneys each agree not to disclose the contents of this executed Agreement. Nothing herein shall be construed to prevent any party hereto or his respective attorney from stating that this civil action has been settled in its entirety.

(E) The parties further agree to forbear and refrain from doing any act or exercising any right, whether existing now or in the future, which act or exercise is inconsistent with this Agreement.

19. Plaintiff has been fully advised by his counsel as to the contents of this document and each provision hereof. Plaintiff hereby authorizes and directs his counsel to dismiss with prejudice his claims now pending in the action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153.

20. Notwithstanding the dismissal of the lawsuit pursuant to Paragraph 4 of this Agreement, the parties hereto agree that the Los Angeles Superior Court shall retain

jurisdiction to enforce the terms of this Agreement. This Agreement may be enforced by any legal or equitable remedy, including but not limited to injunctive relief or declaratory judgment where appropriate. In the event any party to this Agreement institutes any action to preserve, to protect or to enforce any right or benefit created hereunder, the prevailing party in any such action shall be entitled to the costs of suit and reasonable attorney's fees.

21. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date opposite their names.

Dated: December 6, 1985

  
GERALD ARMSTRONG

Ann A. Richardson  
Witness

Richard [Signature]  
Witness

Dated: 12/6/86

APPROVED AS TO FORM AND  
CONTENT:

M. J. Flynn  
MICHAEL J. FLYNN  
Attorney for  
GERALD ARMSTRONG

Dated: December 11, 1986

Heidi C. [Signature]  
for  
CHURCH OF SCIENTOLOGY  
INTERNATIONAL

## APPENDIX A

1. As used herein, the term "document" or "documents" include but are not limited to all originals, file copies and copies not identical to the original, no matter how prepared, or all writings, papers, notes, records, books and other tangible things including, by way of example and not of limitation, the following:

a. Memoranda, notes, calendars, appointment books, shorthand or stenographer's notebooks, correspondence, letters and telegrams, whether received, sent, filed or maintained internally;

b. Drafts and notes, whether typed, penciled or otherwise; whether or not used;

c. Minutes, reports and summaries of meetings;

d. Contracts, agreements, understandings, commitments, proposals and other business dealings;

e. Recordings, transcriptions and memoranda or notes made of any telephone or face-to-face oral conversations between or among persons;

f. Dictated tapes or other sound recordings;

g. Computer printouts or reports and the applicable program or programs therefor;

h. Tapes, cards or any other means by which data are stored or preserved electrically, electronically, magnetically or mechanically, and the applicable program or program therefor (from which plaintiff may reproduce or cause to be reproduced such data in written form);

i. Pictures, drawings, photographs, charts or other graphic representations;

j. Checks, bills, notes, receipts, or other evidence of payment;

k. Ledgers, journals, financial statements, accounting records, operating statements, balance sheets and statements of account.



## SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992  
 Honorable Ronald M. Sohigian, Judge  
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M. Cervantes, Deputy Clerk  
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For  
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For  
Defendant

No Appearances

**NATURE OF PROCEEDINGS:** RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

In this matter heretofore taken under submission on May 27, 1992, the court now makes the following ruling.

1 Plaintiff's legal remedies are inadequate insofar as the scope of relief ordered below is concerned, but not otherwise. CCP 526(4) and (5).

2 The threatened acts which are restrained by the order referred to below, but only those threatened acts, would do irreparable harm to plaintiff which could not be compensated by monetary damages. CCP 526(2).

3 On the basis of the instant record, there is a reasonable probability that plaintiff will prevail after trial of this case in the respects restrained by this order. CCP 526(1); cf., San Francisco Newspaper Printing Co., Inc. vs. Superior Court (Miller) (1985) 170 Cal. App. 3d 438.

4 Plaintiff is likely to suffer greater injury from denial of the preliminary injunction the terms of which are set out below than the injury which defendant is likely to suffer if it is granted. See Robbins vs. Superior Court (County of Sacramento) (1985) 38 Cal. 3d 199, 206.

5 The granting of a preliminary injunction in the terms set out below will preserve the status quo pending trial.



## SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992  
 Honorable Ronald M. Sohigian, Judge  
 1a

M. Cervantes, Deputy Clerk  
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For  
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For  
Defendant

No Appearances

**NATURE OF PROCEEDINGS:** RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

6 Application for preliminary injunction is granted in part, in the following respects only.

Defendant Gerald Armstrong, his agents, and persons acting in concert or conspiracy with him (excluding attorneys at law who are not said defendant's agents or retained by him) are restrained and enjoined during the pendency of this suit pending further order of court from doing directly or indirectly any of the following:

Voluntarily assisting any person (not a governmental organ or entity) intending to make, intending to press, intending to arbitrate, or intending to litigate a claim against the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986 regarding such claim or regarding pressing, arbitrating, or litigating it.

Voluntarily assisting any person (not a governmental organ or entity) arbitrating or litigating a claim against the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986.

The court does not intend by the foregoing to prohibit defendant Armstrong from: (a) being reasonably available for the service of subpoenas on him; (b) accepting service of subpoenas on him without physical resistance, obstructive tactics, or flight; (c) testifying fully and fairly in response to properly put questions either in deposition, at trial, or in other legal or arbitration proceedings; (d) properly reporting or disclosing to authorities criminal conduct of the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986; or (e) engaging in gainful employment rendering clerical or paralegal services not contrary to the terms and conditions of this order.

## SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992  
 Honorable Ronald M. Sohigian, Judge  
 1b

M. Cervantes, Deputy Clerk  
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International  
 vs.

Counsel For  
 Plaintiff

Gerald Armstrong, et al.

Counsel For  
 Defendant

No Appearances

**NATURE OF PROCEEDINGS:** RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

The application for preliminary injunction is otherwise denied.

7 The restraints referred to in sec. 6, above, will become effective upon plaintiff's posting an undertaking in the sum of \$70,000 pursuant to CCP 529(a) by 12:00 noon on June 5, 1992.

8 The restraints referred to in sec. 6, above, properly balance and accommodate the policies inherent in: (a) the protectable interests of the parties to this suit; (b) the protectable interests of the public at large; (c) the goal of attaining full and impartial justice through legitimate and properly informed civil and criminal judicial proceedings and arbitrations; (d) the gravity of interest involved in what the record demonstrates defendant might communicate in derogation of the contractual language; and (e) the reasonable interpretation of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986. The fair interpretation of all the cases cited by the parties indicates that this is the correct decisional process. The law appropriately favors settlement agreements. Obviously, one limitation on freedom of contract is "public policy"; in determining what the scope of the public policy limitation on the parties' rights to enforcement of their agreement in the specific factual context of this case, the court has weighed the factors referred to in the first sentence of this section. Litigants have a substantial range of contractual freedom, even to the extent of agreeing not to assert or exercise rights which they might otherwise have. The instant record shows that plaintiff was substantially compensated as an aspect of the agreement, and does not persuasively support defendant's claim of duress or that the issues involved in this preliminary injunction proceeding were precluded by any prior decision.

## SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992  
 Honorable Ronald M. Sohigian, Judge  
 1c

M. Cervantes, Deputy Clerk  
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International  
 vs.

Counsel For  
 Plaintiff

Gerald Armstrong, et al.

Counsel For  
 Defendant

No Appearances

**NATURE OF PROCEEDINGS:** RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

9 The court does not dispositively decide the underlying merits of the case except for this preliminary determination. CCP 526(1); Baypoint Mortgage Corp. vs. Crest Premium Real Estate etc. Trust (1985) 168 Cal. App. 3d 818, 823.

10 Plaintiff is ordered give written notice by mail by June 5, 1992, including in that written notice a statement regarding whether plaintiff has or has not posted the undertaking referred to in sec. 7, above, and attaching to that written notice evidence showing that the undertaking has been posted if that is the fact.

DATED: May 28, 1992.

RONALD M. SOHIGIAN

RONALD M. SOHIGIAN  
 Judge of the Superior Court

A copy of this minute order is sent to counsel via United States mail this date.



NOT TO BE PUBLISHED

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA  
SECOND APPELLATE DISTRICT  
DIVISION FOUR

CHURCH OF SCIENTOLOGY INTERNATIONAL, )  
 )  
Plaintiff and Respondent, )  
 )  
v. )  
 )  
GERALD ARMSTRONG, )  
 )  
Defendant and Appellant. )  
\_\_\_\_\_ )

No. B069450

(Super.Ct.No. BC052395)

COURT OF APPEAL - SECOND DIST.

**FILED**

MAY 16 1994

JOSEPH A. ... Clerk  
..... Deputy Clerk

APPEAL from an order of the Superior Court of  
Los Angeles County, Ronald M. Sohigian, Judge. Affirmed.

Ford Greene and Paul Morantz for Defendant and  
Appellant.

Bowles & Moxon, Karen D. Holly, Wilson, Ryan &  
Campilongo, Andrew H. Wilson, Rabinowitz, Boudin, Standard,  
Krinsky & Lieberman, Eric M. Lieberman, and Michael Lee  
Hertzberg for Plaintiff and Respondent.

Defendant and appellant Gerald Armstrong (Armstrong) appeals from an order granting a preliminary injunction restraining Armstrong from voluntarily giving assistance to other persons litigating or intending to litigate claims against plaintiff and respondent Church of Scientology International (Church).

The injunction was granted to enforce a settlement agreement in prior litigation between Armstrong and Church. In the settlement, Armstrong agreed he would not voluntarily assist other persons in proceedings against Church.

Armstrong does not deny violating his agreement but asserts numerous reasons why his agreement should not be enforceable. We conclude that the narrowly-limited preliminary injunction, which did not finally adjudicate the merits of Armstrong's claims, was not an abuse of the trial court's discretion to make orders maintaining the status quo and preventing irreparable harm pending the ultimate resolution of the merits.

#### FACTUAL AND PROCEDURAL BACKGROUND

Armstrong was a member of Church between 1969 and 1981. He became an insider of high rank, familiar with Church practices and documents. He became disillusioned and left Church in 1981. When he left, he took many Church documents with him.

## The Prior Action and Settlement

Church brought the prior action against Armstrong seeking return of the documents, injunctive relief against further dissemination of information contained in them, and imposition of a constructive trust. Mary Sue Hubbard, wife of Church founder L. Ron Hubbard, intervened asserting various torts against Armstrong. Armstrong filed a cross-complaint seeking damages for fraud, intentional infliction of emotional distress, libel, breach of contract, and tortious interference with contract.

Church's complaint and Hubbard's complaint in intervention were tried in 1984 by Judge Breckenridge. That trial led to a judgment, eventually affirmed on appeal, holding Armstrong's conversion of the documents was justified because he believed the conversion necessary to protect himself from Church's claims that he had lied about Church matters and L. Ron Hubbard. (Church of Scientology v. Armstrong (1991) 232 Cal.App.3d 1060, 1063, 1073.)

Armstrong's cross-complaint in that case was settled in December 1986 by the settlement agreement which is the subject of the injunction in the present case.

In the settlement agreement, the parties mutually released each other from all claims, except the then-pending appeal of Judge Breckenridge's decision on Church's complaint, which was expressly excluded. The settlement involved a number

## The Present Action

In February 1992, Church filed a complaint in the present action alleging Armstrong's violation of the settlement agreement and seeking damages and injunctive relief.

In support of its motion for a preliminary injunction, Church presented evidence that since June 1991 Armstrong had violated the agreement by working as a paralegal for attorneys representing clients engaged in litigation against Church and by voluntarily and gratuitously providing evidence for such litigation. Armstrong worked as a paralegal for Attorney Joseph Yanny, who represented Richard and Vicki Aznaran in a multimillion dollar suit against Church in federal court. Armstrong also voluntarily provided declarations for use in the Aznarans' case. Armstrong thereafter worked for Attorney Ford Greene on the Aznaran and other Church related matters.

Armstrong did not deny the charged conduct but asserted the settlement agreement was not enforceable for various reasons, primarily that it was against public policy and that he signed it under duress.

## The Trial Court's Preliminary Injunction

The trial court granted a limited preliminary injunction, with exceptions which addressed Armstrong's



of persons engaged in litigation against Church, all represented by Attorney Michael Flynn. As a result of the settlement, Armstrong was paid \$800,000. Armstrong's cross-complaint was dismissed with prejudice, as agreed, on December 11, 1986.

The portions of the settlement agreement most pertinent to this appeal are paragraphs 7-G, 7-H, and 10, in which Armstrong agreed not to voluntarily assist other persons intending to engage in litigation or other activities adverse to Church.<sup>1/</sup>

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1. "G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology. [¶] H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed. [¶] . . . 10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement."

Paragraph 20 of the agreement authorizes its enforcement by injunction.

argument that the settlement agreement violated public policy by requiring suppression of evidence in judicial proceedings.

The court found that Armstrong voluntarily entered the settlement agreement for which he received substantial compensation, and that Armstrong was unlikely to prevail on his duress claim. The court found that Armstrong could contract as part of the settlement to refrain from exercising various rights which he would otherwise have. Balancing the interim harms to the parties, the court found that to the extent of the limited acts covered by the preliminary injunction, Church would suffer irreparable harm which could not be compensated by monetary damages, and harm for which monetary damages would be difficult to calculate. (Code Civ. Proc., § 526, subds. (a)(2), (a)(4), (a)(5).)

The court's order provides, in pertinent part:

"Application for preliminary injunction is granted in part, in the following respects only. [¶] Defendant Gerald Armstrong, his agents, and persons acting in concert or conspiracy with him (excluding attorneys at law who are not said defendant's agents or retained by him) are restrained and enjoined during the pendency of this suit pending further order of court from doing directly or indirectly any of the following: [¶] Voluntarily assisting any person (not a governmental organ or entity) intending to make, intending to press, intending to arbitrate, or intending to litigate a claim against the persons

referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986 regarding such claim or regarding pressing, arbitrating, or litigating it. [¶]

Voluntarily assisting any person (not a governmental organ or entity) arbitrating or litigating a claim against the persons referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986."

The court provided the following exceptions to address Armstrong's public policy arguments: "The court does not intend by the foregoing to prohibit defendant Armstrong from: (a) being reasonably available for the service of subpoenas on him; (b) accepting service of subpoenas on him without physical resistance, obstructive tactics, or flight; (c) testifying fully and fairly in response to properly put questions either in deposition, at trial, or in other legal or arbitration proceedings; (d) properly reporting or disclosing to authorities criminal conduct of the persons referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986; or (e) engaging in gainful employment rendering clerical or paralegal services not contrary to the terms and conditions of this order."

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## DISCUSSION

The grant of a preliminary injunction does not adjudicate the ultimate rights in controversy between the parties. It merely determines that the court, balancing the relative equities of the parties, concludes that, pending a trial on the merits, the defendant should be restrained from exercising the right claimed. The purpose of the injunction is to preserve the status quo until a final determination of the merits of the action. (Continental Baking Co. v. Katz (1968) 68 Cal.2d 512, 528.)

The court considers two interrelated factors. The first is the likelihood the plaintiff will prevail at trial. The second is the interim harm the plaintiff is likely to sustain if the injunction is denied, as compared to the harm the defendant is likely to suffer if the injunction is granted. (Cohen v. Board of Supervisors (1985) 40 Cal.3d 277, 286.)

The decision to grant or deny a preliminary injunction rests in the discretion of the trial court. Accordingly, an appellate court's review on appeal from the granting of a preliminary injunction is very limited. The burden is on the appellant to make a clear showing that the trial court abused its discretion. (IT Corp. v. County of Imperial (1983) 35 Cal.3d 63, 69; Nutro Products, Inc. v. Cole Grain Co. (1992) 3

Cal.App.4th 860, 865.) Abuse of discretion means the trial court has exceeded the bounds of reason or contravened the uncontradicted evidence. (IT Corp. v. County of Imperial, supra, 35 Cal.3d at p. 69.)

Here, the trial court's memorandum decision reflects very careful consideration of the factors relevant to the granting of a preliminary injunction. The court weighed the relative harms to the parties and balanced the interests asserted by Armstrong. The court granted a limited preliminary injunction with exclusions protecting the countervailing interests asserted by Armstrong. We find no abuse of discretion. We cannot say that the trial court erred as a matter of law in weighing the hardships or in determining there is a reasonable probability Church would ultimately prevail to the limited extent reflected by the terms of the preliminary injunction.

Although Armstrong's "freedom of speech" is affected, it is clear that a party may voluntarily by contract agree to limit his freedom of speech. (See In re Steinberg (1983) 148 Cal.App.3d 14, 18-20 [filmmaker agreed to prior restraint on distribution of film]; ITT Telecom Products Corp. v. Dooley (1989) 214 Cal.App.3d 307, 319 [employee's agreement not to disclose confidential information; "it is possible to waive even First Amendment free speech rights by contract"]; Snepp v. United States (1980) 444 U.S. 507, 509, fn. 3 [book by CIA

employee subject to prepublication clearance by terms of his employment contract].)

The exceptions in the trial court's injunction assured that the injunction would not serve to suppress evidence in legal proceedings. The injunction expressly did not restrain Armstrong from accepting service of subpoenas, testifying fully and fairly in legal proceedings, and reporting criminal conduct to the authorities. (See Philippine Export & Foreign Loan Guarantee Corp. v. Chuidian (1990) 218 Cal.App.3d 1058, 1081-1082.) This contrasts with the stipulation in Mary R. v. B. & R. Corp. (1983) 149 Cal.App.3d 308, 315-316, cited by Armstrong, which prevented a party from disclosing misconduct to regulatory authorities.

This appeal is only from the granting of a preliminary injunction which expressly did not decide the ultimate merits. As limited by the trial court here, the preliminary injunction merely restrains, for the time being, Armstrong's voluntary intermeddling in other litigation against Church, in violation of his own agreement. We decline any extended discussion of Armstrong's shotgun-style brief, which offers more than a dozen separate contentions against enforcement. It suffices to say that Armstrong has not borne his burden on appeal to demonstrate a clear abuse of discretion.

DISPOSITION

The order granting a preliminary injunction is affirmed.

NOT TO BE PUBLISHED

VOGEL (C.S.), Acting P.J.

We concur:

HASTINGS, J.

KLEIN (Brett), J.\*

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\*Assigned by the Chairperson of the Judicial Council.

OFFICE OF THE CLERK  
COURT OF APPEAL  
STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT  
JOSEPH A. LANE, CLERK

DIVISION: 4 DATE: 05/16/94

Bowles & Moxon  
Laurie J. Bartilson  
6255 Sunset Blvd  
Suite 2000  
Hollywood, CA. 90028

RE: Church of Scientology International  
vs.  
Armstrong, Gerald  
2 Civil B069450  
Los Angeles NO. BC052395





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IN AND FOR THE SUPERIOR COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

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CHURCH OF SCIENTOLOGY  
INTERNATIONAL, a California  
not-for-profit religious  
corporation,

**CERTIFIED  
COPY**

Plaintiff,

vs.

Case No. BC 052395

GERALD ARMSTRONG; DOES 1  
through 25, inclusive,

Defendants.

\_\_\_\_\_

DEPOSITION OF  
GERALD ARMSTRONG

-----  
Wednesday, June 24, 1992

REPORTED BY: SUSAN M. SKIGEN, CSR #5829

1 Q. You knew they expected you to keep your  
2 part of the bargain, didn't you?

3 A. I knew that it was impossible for me to  
4 keep what they could consider my part of the bargain,  
5 absolutely impossible.

6 Q. Well, that isn't my question.

7 A. But let me answer that. It was not my  
8 intention thereafter to go out and publish a book in  
9 violation of that settlement agreement.

10 It was not my intention thereafter to go  
11 out and talk to the press.

12 It was not my intention to get involved in  
13 other litigation.

14 It was not my intention to turn around and  
15 sue the organization on the basis of everything that  
16 went down before that.

17 It was my intention to, as much as was  
18 humanly possible, honor the settlement agreement --

19 Q. Has that --

20 A. -- because I, and I tried, but I also knew  
21 it's impossible.

22 Q. Has that intention changed?

23 A. What?

24 Q. The intention you just expressed.

25 A. Oh, now it's completely impossible ever

1 since, since '89.

2 Q. Okay.

3 A. When, I mean, I have, I have absolutely no  
4 intention of honoring that settlement agreement. I  
5 cannot. I cannot logically. I cannot ethically. I  
6 cannot morally. I cannot psychically. I cannot  
7 philosophically. I cannot spiritually. I cannot in any  
8 way. And it is firmly my intention to not honor it.

9 Q. No matter what a court says?

10 A. No court could order it. They're going to  
11 have to kill me.

12 Q. Well, let's just hope we don't have to turn  
13 this into a death penalty case.

14 A. Into a what?

15 Q. A death penalty case.

16 A. Right, but you guys would.

17 Q. I'm not the one who stands up and pounds  
18 the table and screams at people in this deposition, your  
19 lawyer is. If I were to stand up at this deposition and  
20 scream at you to shut up, would you consider that to be  
21 an act of fair game?

22 A. I consider the whole thing --

23 Q. I know, but if I were to stand up and yell  
24 at to you shut up, would you consider that to be fair  
25 game?

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LOS ANGELES

--oOo--

CHURCH OF SCIENTOLOGY INTERNATIONAL,  
a California not-for-profit religious  
corporation,

**CERTIFIED  
COPY**

Plaintiff,

vs.

No. BC 052395

GERALD ARMSTRONG; DOES 1 through 25,  
inclusve,

Defendants.

\_\_\_\_\_ /

DEPOSITION OF

GERALD ARMSTRONG

\_\_\_\_\_

Wednesday, July 22, 1992

Volume II, Pages 179 - 293

REPORTED BY: KATHERINE NG, CSR NO. 6350

1 literary works campaigns.

2 Q. What campaigns does it make?

3 A. It is a contributor and possessor of certain  
4 rights within the group known as the Runners against  
5 Trash and the same within the organization known as the  
6 Organization of United Renunciants.

7 Q. What is the Organization of the United  
8 Renunciants?

9 A. It is an organization dedicated to the  
10 preservation of the world through peaceful means.

11 Q. What have the people in the organization  
12 renounced, if anything?

13 A. The people in the organization renounce money.

14 Q. Does that mean that they give away their money?

15 A. They can if they want.

16 Q. Did you give away the money that the Church  
17 paid you in settlement?

18 A. Well, I'm, that's not a very well worded  
19 question, because I gave away all my assets including all  
20 my money.

21 Q. When?

22 A. When? August 1990.

23 Q. Who did you give it to?

24 A. A number of people.

25 Q. Can you tell me who they are?

1 A. No.

2 Q. Did you give any of it to Michael Walton?

3 A. Yes.

4 Q. Why did you give it away?

5 A. Because I considered that I was guided to do  
6 so.

7 Q. By whom?

8 A. The source of all that is.

9 Q. Who is that?

10 A. God.

11 Q. Now, when God guided you to give away all your  
12 assets, did he guide you to give them to particular  
13 people or did you make that decision?

14 A. I believe that I was guided each step of the  
15 way.

16 Q. Okay. When you say you gave it away, I take it  
17 you didn't receive anything in return in terms of  
18 monetary compensation?

19 A. Right.

20 Q. Can you tell me why you decided to give some of  
21 it to Michael Walton?

22 A. Because it was logical.

23 Q. Why?

24 A. And because it was so guided.

25 Q. Can you tell me what about it was logical?

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF LOS ANGELES

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CHURCH OF SCIENTOLOGY )  
INTERNATIONAL, a California )  
not-for-profit religious )  
corporation, )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
GERALD ARMSTRONG; DOES )  
1 through 25, inclusive, )  
 )  
Defendants. )  
\_\_\_\_\_ )

**CERTIFIED**  
COPY

Case No. BC 052395

DEPOSITION OF  
GERALD ARMSTRONG  
VOLUME V  
PAGES 525 - 624

\_\_\_\_\_  
WEDNESDAY, MARCH 10, 1993

REPORTED BY: LYNN P. NYLUND, CSR NO. 3696

Mary Hillabrand, Inc.  
520 Sutter Street  
San Francisco, CA 94102



1           A.     Good.  Then I will tell you.  In various  
2 things including stocks, real property, loans.

3           Q.     You previously testified that in August of  
4 '90 you gave away all of your assets.  One of the  
5 questions that I also have here is how much of the  
6 proceeds from the settlement were still remaining when  
7 you gave away all your assets in August of 1990?

8           A.     I consider that the assets that I gave away  
9 at that time were worth some 1.5 million.

10          Q.     So you have done pretty well on your  
11 investments?

12          A.     I am very conscientious.

13          Q.     And to whom did you give away your assets in  
14 August of 1990?

15          A.     Various people.  Along that I have a right  
16 to privacy as to what I do with my assets.

17          Q.     The trouble is that once again we can go  
18 back on the motion to compel.

19                   How much cash did you give away in August of  
20 1990?

21          A.     Is that a question?

22          Q.     It is out of your previous deposition.

23          A.     I would say approximately 41,500.

24          Q.     And you received no monetary consideration  
25 for the 41,500 that you gave away; is that correct?

1 A. Correct.

2 Q. And you are not willing to tell me to whom  
3 you gave the 41,500?

4 A. Correct.

5 MS. BARTILSON: Are you instructing him not  
6 to answer, or is he simply not answering on his own?

7 MR. GREENE: You have his answer.

8 MS. BARTILSON: And no instruction from the  
9 attorney?

10 MR. GREENE: The record will speak for  
11 itself.

12 MS. BARTILSON: Do you want to remind him of  
13 his obligations?

14 MR. GREENE: Continue with your questions.

15 MS. BARTILSON: Well. That's clearly  
16 intended in the line of questioning that was cut off in  
17 the previous deposition.

18 THE WITNESS: What is the question? How  
19 does it read, your question there?

20 MS. BARTILSON: Well, the question also goes  
21 into the whole purpose of the line of questioning. That  
22 has to do with the Fraudulent Conveyance Act. And we are  
23 certainly entitled to find out where all the money went  
24 out suddenly before you started to -- reaching your  
25 agreement pitch willy-nilly.

1 answer any more questions on the subject, so that's the  
2 area. That's what I am entitled to and that is another  
3 question.

4 What was the value of the real property that  
5 you gave away in August of 1990?

6 A. I don't know.

7 Q. How much real property did you give away in  
8 August of 1990?

9 A. I was on title on one property.

10 Q. Where was that located?

11 A. 707 Fawn Drive.

12 Q. To whom did you convey it?

13 A. Michael Walton.

14 Q. Did you live at 707 Fawn Drive?

15 A. Yes.

16 Q. Did you continue to live there after you  
17 conveyed the title to him?

18 A. Off and on.

19 Q. What was the value of the stocks that you  
20 gave away in August of 1990?

21 A. A million.

22 Q. To whom did you give the stocks?

23 A. I decline to answer that.

24 Q. Were the stocks stocks in public-traded  
25 corporations?

- 1 A. No.
- 2 Q. Private corporations?
- 3 A. Yes.
- 4 Q. What corporations?
- 5 A. It is The Gerald Armstrong Corporation.
- 6 Q. How did you ascertain the value of those
- 7 stocks at one million dollars?
- 8 A. Through a logical assessment of the value of
- 9 the assets.
- 10 Q. Did you have any kind of independent
- 11 appraiser appraise the value of the stocks or the
- 12 underlying assets?
- 13 A. No, as to that transaction.
- 14 Q. Did you do that at some other point in time?
- 15 A. I have had pieces of work evaluated.
- 16 Q. Is this pieces of work that were property of
- 17 the Gerald Armstrong Corporation?
- 18 A. Correct.
- 19 Q. When did you have those pieces of work
- 20 evaluated?
- 21 A. Some time in the past.
- 22 Q. Before or after August of 1990?
- 23 A. Before.
- 24 Q. And the individual pieces of work that you
- 25 had evaluated prior to August of 1990 were all still in



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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF MARIN

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CHURCH OF SCIENTOLOGY, )  
INTERNATIONAL, A California )  
Not-For-Profit Corporation, )  
 )  
Plaintiffs, )  
 )  
vs. )  
 )  
GERALD ARMSTRONG, MICHAEL )  
WALTON, et al., )  
 )  
Defendants. )  
\_\_\_\_\_ )

CERTIFIED COPY

No. 157 680

DEPOSITION OF  
GERALD ARMSTRONG

--o0o--

Thursday, March 17, 1994

REPORTED BY: Sheenagh M. Carlson, CSR NO. 8350

1 MR. WILSON: I withdraw it.

2 Q. You expect that TGAC will be very  
3 well in 1994; is that basically it?

4 A. Uh-huh.

5 Q. After you gave the Fawn Drive  
6 residence to Mr. Walton, you continued to live  
7 there for some period of time; is that right?

8 A. Yes.

9 Q. For how long?

10 A. Well, I moved around a lot during  
11 that period, but essentially that was my home base  
12 until August of '91.

13 Q. Okay. In August of 1990, did you  
14 have any credit cards?

15 A. Yes.

16 Q. Did you keep those?

17 A. Yes.

18 Q. Did they have outstanding debit  
19 balances?

20 A. I don't, I don't think so at that  
21 time, although I did use them subsequently. But I  
22 think that they were either zeroed out or close to  
23 zero.

24 Q. At the time in August of 1990?

25 A. My recollection, but --





envelopes by hand to the offices of the addressees.

[ ]\*\* Such envelopes were hand delivered by  
Messenger Service

Executed on \_\_\_\_\_, at Los Angeles, California.

[X] (State) I declare under penalty of the laws of  
the State of California that the above is true and  
correct.

[ ] (Federal) I declare that I am employed in the  
office of a member of the bar of this court at  
whose direction the service was made.

    Matt Ward      
Print or Type Name

    Matt Ward      
Signature

\* (By Mail, signature must be of person depositing  
envelope in mail slot, box or bag)

\*\* (For personal service signature must be that of  
messenger)